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<b>Purpose</b>	Define the terms used in review of problem WIC checks in the Nebraska system.
<b>Overview of Problem WIC Checks</b>	The Nebraska WIC Program employs a system by which the local agency WIC vendor manager reviews problem checks for payment. The following terms are used in the review of problem checks and are defined to provide a basis for the procedures that follow.
<b>Justification of Problem WIC Checks</b>	<p>A problem check must be reviewed to determine the amount for which the check should be paid. The amount must also be reviewed to determine if it meets cost containment provisions. This is the justified amount.</p> <ol style="list-style-type: none"><li>1. Documentation for justification of the amount must include the following:<ul style="list-style-type: none"><li>• Identify the amount of each item on the check, for example, 1, 2, 3, etc.</li><li>• Identify the size of each item on the check, for example, ounces, dozen, etc.</li><li>• Identify the unit price of each item on the check.</li><li>• Identify the total price of each item and the sum total of the check.</li><li>• Signature of the person who justified the problem check and the date when it was justified.</li></ul></li><li>2. The amount to be paid must be justified for each problem check that the local agency WIC vendor manager reviews.<ul style="list-style-type: none"><li>• The vendor should be informed to send the cash register receipts or electronic journal entries with their problem checks. This will help with documentation. Use the cash register receipt or electronic journal entries to justify the amount to be paid.</li><li>• When reviewing the cash register tape or electronic journal entry for justification of prices, review also for ineligible items.</li><li>• If ineligible items were purchased, deduct the amount of the ineligible items from the total price. This reduced amount is the justified amount.</li><li>• A vendor replacement check would have to be issued for the reduced amount. Provide to the vendor an explanation of the reduced amount. Include the completed form letter, example page 1d, with the check.</li><li>• If the purchase amounts are mixed up when more than one WIC check is used at one time, the following steps should be taken to determine the justified amount.</li></ul></li></ol>

- Replace for the justified amount:
  - IF the retailer sends both receipts and it is justifiable;
  - IF the retailer sends the receipt for the problem check and through the Food Instrument Look-up in the WIC computer system it is evident that the purchase amounts were mixed up when two or more checks for the same client were redeemed at the same time, replace for the justified amount;
  - IF any questions and/or concerns or if the reviewed amount is over the not-to-exceed amount, contact the State WIC vendor management coordinator to discuss.
- The justified amount must also meet cost containment guidelines and thus, be within the not-to-exceed amount for the specific food instrument type for the redeeming vendor's peer group.
  - If a check has been deposited in the bank and reviewed at Solutran, the not-to-exceed amount will be identified on the Food Instrument Look-up in the WIC Computer System.
  - If the check has not been deposited in the bank, the not-to-exceed amount can be reviewed on the monthly report, NOT TO EXCEED AMOUNTS PER DRAFT TYPE. This report is generated by the State WIC Office and sent to local agency WIC vendor managers via e-mail monthly.
  - **If a reviewed amount is over the not-to-exceed amount, contact the State WIC vendor management coordinator to discuss.**
- If payment for a check is reduced or the check is not paid, an explanation must be given to the vendor. The vendor must have the opportunity to justify the check if he/she so wishes. Include the completed form letter, example page 1d, with a copy of the check when the check is not paid or payment is reduced.
- An example of justification is on page 1e.

**Microcoded Amount**    The microcoded amount is the amount that is entered onto a check in the lower right hand corner, upon deposit in the bank. This is the amount for which the check will be paid.

This microcoded amount is the amount the check will be paid for in the banking system. When reviewing checks the microcoded amount must be the same as the justified amount. If the microcoded amount is not justified, the check must be voided and a replacement check issued for the justified amount.

**Check Approval Stamp**    Each local agency WIC vendor manager has a stamp to use to approve problem checks for payment. The stamp is provided by the State WIC office to the local agency.

- The approval stamp must be placed in the specific area designated on

the check for NE WIC USE ONLY. The stamp should be initialed by the local agency WIC vendor manger and the justified amount written on the stamp also.

- A local agency may authorize up to two WIC staff to stamp checks for payment. If there is a staff change in those using the approval stamp, the local WIC agency should notify the State WIC vendor management coordinator in writing. The stamp must be stored in a secure location. If the stamp is lost or stolen, the local agency should contact the State WIC office immediately.
- The approval stamp cannot be used in all situations. It can be used for the following problem checks if the "Purchase Amount" can be justified and the check has not been microcoded. It can also be used for the following problem checks if the check has been microcoded and the microcoded amount is the same as the justified amount.
  - Missing "Purchase Amount"
  - Altered "Purchase Amount"
  - "Purchase Amount" exceeds the Not-to-Exceed Amount if reviewed together with State WIC vendor management coordinator.

### **Vendor Replacement Check**

A vendor replacement check is a check issued to a vendor in special circumstances in which the original check must be voided and payment to the store is warranted. A vendor replacement check is payable for 30 days from issue date.

- A vendor replacement check will be necessary in the following situations.
  - The amount on a problem check cannot be justified and a reduced payment is justified. A vendor replacement check should be issued for the reduced amount.
  - The amount on the check must be increased and is justified.
  - The amount on the problem check is not legible.
  - The microcoded amount on the check is not the same as the justified amount.
  - Other situations as outlined in the following procedure on Bank Rejected WIC Checks.
- Instructions for issuing a replacement check are outlined on pages 2-38 and 2-39 of the Nebraska WIC User's Guide. Please refer to these pages for guidance.
  - The WIC staff member will sign the Nebraska WIC Program authorized signature line.
  - Indicate on the vendor replacement check register that a replacement check to a vendor was issued, documenting the date issued, vendor number, and the amount of the replacement check, plus any notes.
  - Never mail a vendor replacement check until the original check to

be voided is in the possession of a WIC staff member.

**Problem Check Log Sheet**

The Nebraska WIC Program Problem Check Log Sheet is a sheet on which problem checks are recorded and tracked as they are processed.

- The check number, reason rejected and/or problem, action taken, date action taken, amount paid, and notes or follow-up are recorded on this log sheet.
- An example of the Problem Check Log Sheet is on page 1g.

To:  
From:

Date:

Re: Problem WIC Check

The WIC check(s) which you sent to our office has/have been handled as follows:

\_\_\_\_\_ Check number \_\_\_\_\_ could not be approved for the original amount.  
Payment was reduced. The check has been voided (copy enclosed) and replaced by check  
number \_\_\_\_\_ because:

\_\_\_\_\_ The original amount could not be justified using the cash register receipt.

\_\_\_\_\_ It appears that a non-WIC approved food item(s): \_\_\_\_\_  
was/were purchased with the WIC check.

\_\_\_\_\_ It appears that WIC food item(s) \_\_\_\_\_  
not prescribed on this check was/were purchased with the WIC check.

\_\_\_\_\_ Bank coding incorrect, due to keypunch error or missing "Purchase Amount".

\_\_\_\_\_ The original amount is over the maximum payable amount for the WIC foods  
prescribed on the WIC check.

\_\_\_\_\_ Check number \_\_\_\_\_ (copy enclosed) can not be paid because:

\_\_\_\_\_ The check was submitted for payment more than 60 days from the "First Date to  
Use".

\_\_\_\_\_ The vendor stamp number in the "Pay to the Order of" area of the check is invalid.

\_\_\_\_\_ The cash register receipt, an electronic journal entry, or an acceptable record of the  
WIC check transaction was not provided.

\_\_\_\_\_ It appears that non-WIC approved food item(s) \_\_\_\_\_  
was/were purchased with the WIC check.

\_\_\_\_\_ It appears that WIC food item(s) \_\_\_\_\_  
not prescribed on this check was/were purchased with the WIC check.

\_\_\_\_\_ Other: \_\_\_\_\_

\_\_\_\_\_ Check number(s) \_\_\_\_\_ has/have been  
reviewed and stamped for payment or replaced by check number(s) \_\_\_\_\_.

In the future, please remind store staff that deal with WIC transactions that:

\_\_\_\_\_ Each check should be signed at the point of purchase.

\_\_\_\_\_ The WIC check should be stamped with the WIC authorized vendor number stamp in  
the "Pay to the Order of" area of the check prior to depositing.

If you have any questions or if you think this denial of payment or reduction in payment is unfair  
and you would like to explain or justify the WIC transaction, please feel free to contact me at  
\_\_\_\_\_. Thank you for your cooperation as a WIC vendor.

"This institution is an equal opportunity provider."

## EXAMPLE OF JUSTIFICATION OF THE PURCHASE AMOUNT

### Cash Register Receipt

2 – 12 oz. frozen jc. @ \$1.89 x 2 =	\$ 3.78
2 – gallon milk @ \$3.05 x 2 =	\$ 6.10
1 – pound cheese @ \$3.98 x 1 =	\$ 3.98
1 - dozen eggs @ \$.93 x 1 =	\$ .93
12 - ounces cereal @ \$3.48 x 3 =	\$10.44
1 – pound beans @ \$.68 x 1 =	\$ .68
Total =	\$25.91

NTE for FI type  
for Vendor's Peer Group = \$29.89

Justified by Sally Staff  
October 10, 2007

NEBRASKA WIC PROGRAM

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2013- 2015

## Problem Check Log Sheet

[illegible]